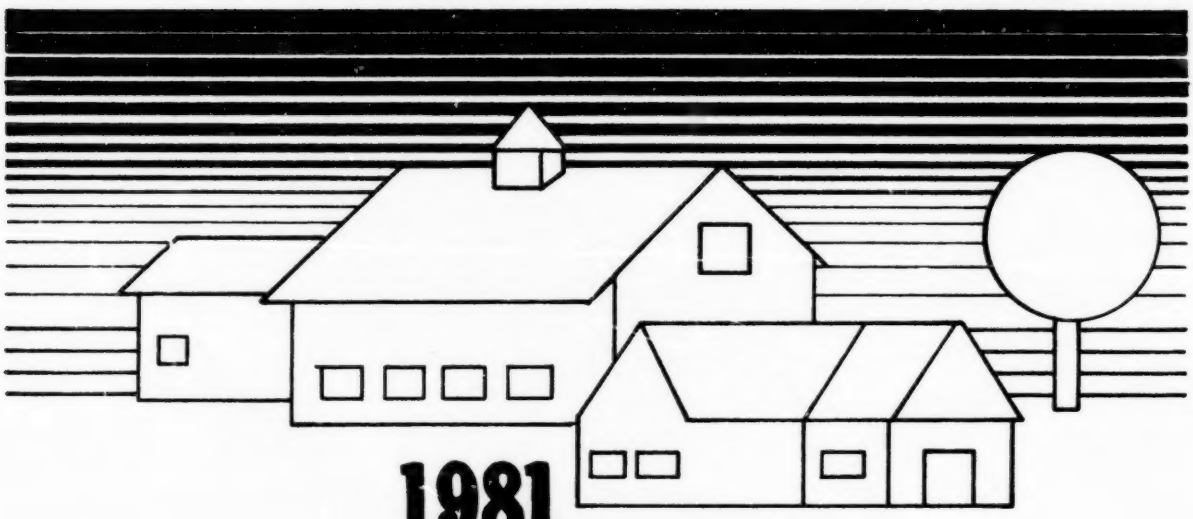
# NOVA SCOTIA

# Swine Farm Business Summary



## 1981

## SOW WEANLING

# P R E F A C E

The 1981 Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is a synopsis of the business performance of Nova Scotia Swine Farms.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered their data for use in the summary. Since this is not a random sample selection of farms, care should be exercised in the use and interpretation of the results shown in the various tables of this summary.

Despite this limitation, farmers can compare their individual results with group average figures for farms with similar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmers own records and comparison of these from one year to the next.

We gratefully acknowledge the co-operation of the swine producers who participated in this summary.

We further acknowledge the efforts of Jamie Oxley, Agriculture Canada for the computer work; Shelley Manning who gathered the data and along with Debbie Freeman prepared the data for this summary; and Tracey Mitchell for the secretarial work.

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# I N T R O D U C T I O N

The Nova Scotia Swine Farm Business Summary for the Sow-Weanling Enterprise is designed to provide bench mark information that can be used to compare the financial strength and weakness of individual swine farms with similar characteristics. Farm Business Analysis is an important function of the farm manager-operator. When analysing the farm business, you must ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. By identifying the weaknesses of your business and taking corrective action, the profit picture should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business.
- You can compare your performance with group average data for farms of similar size and general characteristics. This report may be useful in this regard.
- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

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## RECEIPTS

Receipts from the sale of hogs averaged 92.0 percent of Total Farm Receipts. Of this amount, weanling sales accounted for 87.8 percent, cull cows and boars 8.1 percent, market hogs 2.7 percent and other hogs 1.4 percent.

Total Farm Receipts amounted to $86,548. on a per farm basis or $711. on a per sow basis.

TABLE 1: RECEIPTS

| ITEM | PER FARM | PER SOW |
|---|---|---|
| Market Hogs | $ 2,189. | $ 18. |
| Weanlings | 69,899. | 574. |
| Cull Sows | 6,146. | 50. |
| Cull Boars | 313. | 3. |
| Other Hogs | 1,100. | 9. |
| TOTAL HOG RECEIPTS | $ 79,647. | $ 654. |
| Subsidies | $ 1,797. | $ 15. |
| Other Income | 5,104. | 42. |
| TOTAL FARM RECEIPTS | $ 86,548. | $ 711. |

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## EXPENSES

Purchased feed was the largest single expense item and averaged 59.2 percent of Cash Expenses. In dollar terms, feed amounted to $365. on a per sow basis or $44,477. on a per farm basis.

Feed was followed by miscellaneous at 11.0 percent, hired labor at 7.4 percent, swine purchased at 4.5 percent and interest on operating expenses at 4.3 percent of Total Cash Expenses.

TABLE 2: EXPENSES

| ITEM | PER FARM | PER SOW |
|---|---|---|
| Feed Purchased | $ 44,477. | $ 365. |
| Swine Purchased | 3,415. | 28. |
| Hired Labor | 5,595. | 46. |
| Bedding | 492. | 4. |
| Vet & Drugs | 1,085. | 9. |
| Hog Supplies | 912. | 7. |
| Marketing Costs | 117. | 1. |
| Utilities | 2,631. | 22. |
| Taxes | 470. | 4. |
| Insurance | 515. | 4. |
| Building Repairs | 1,741. | 14. |
| Machinery & Equipment Expense | 2,003. | 16. |
| Auto Expense | 262. | 2. |
| Interest - Operating | 3,248. | 27. |
| Miscellaneous | 8,228. | 68. |
| TOTAL CASH EXPENSES | $ 75,191. | $ 617. |

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## INCOME SUMMARY

Income is one of the key factors studied when analyzing a farm business. In the table below, two (2) measures of income are summarized.

NET CASH INCOME refers to the difference between Farm Receipts and Cash Expenses. For these farms, Net Cash Income averaged $11,357. per farm or $94. on a per sow basis.

NET FARM INCOME is the difference between Farm Receipts and Cash Expenses with adjustments made for inventory change, depreciation and interest on capital loans. For these farms, Net Farm Income averaged $5,196. per farm or $43. per sow.

TABLE 3: INCOME SUMMARY

| ITEM | PER FARM | PER SOW |
|---|---|---|
| Total Farm Receipts | $ 86,548. | $ 711. |
| Total Cash Expenses | 75,191. | 617. |
| NET CASH INCOME | $ 11,357. | $ 94. |
| Plus: Inventory Change | $ 5,048. | $ 41. |
| Less: Depreciation | 8,335. | 68. |
| Interest on Capital Loans | 2,874. | 24. |
| NET FARM INCOME | $ 5,196. | $ 43. |

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## AVERAGE COST OF PORK PRODUCTION

For the farms in this study, the average cost of producing pork was $1.16 per pound.

Note that this cost figure does not include a value for operator labor or interest on equity. Instead, it is a measure of the cost at the Net Farm Income level. No amount has been added for what is traditionally called "Opportunity Costs".

TABLE 4: AVERAGE COST OF PORK PRODUCTION

| ITEM | PER FARM | PER SOW |
|---|---|---|
| Total Cash Expenses | $ 75,191. | $ 617. |
| Plus: Depreciation | 8,335. | 68. |
| Interest - Loans | 2,874. | 24. |
| Less: Cull Sales | 6,459. | 53. |
| Inventory Adjustment - Feed | (78.) | (1.) |
| TOTAL COSTS | $ 80,019. | $ 657. |
| Total Pounds Pork Produced (lbs.) | 68,719 | 563 |
| Ave. Cost of Production ($) | 1.16 | 1.16 |

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## COST ANALYSIS

Purchased feed was the largest single expense item accounting for 51.5 percent of total cost. Feed was followed by depreciation at 9.6 percent, miscellaneous at 9.5 percent, hired labor at 6.5 percent and swine purchases at 4.0 percent. Total Interest accounted for 7.1 percent of expenses when both interest on capital loans and interest on operating credit are summed.

TABLE 5: COST ANALYSIS

| ITEM | PERCENT OF TOTAL |
|---|---|
| Purchased Feed | 51.5 |
| Swine Purchased | 4.0 |
| Hired Labor | 6.5 |
| Bedding | 0.6 |
| Vet & Drugs | 1.3 |
| Hog Supplies | 1.1 |
| Marketing Costs | 0.1 |
| Utilities | 3.0 |
| Taxes | 0.5 |
| Insurance | 0.6 |
| Building Repairs | 2.0 |
| Machinery & Equipment Expense | 2.3 |
| Auto Expense | 0.3 |
| Interest - Operating | 3.8 |
| Miscellaneous | 9.5 |
| Interest - Loans | 3.3 |
| Depreciation | 9.6 |
| TOTAL | 100.0 % |

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## PRODUCTION ANALYSIS

For farms in this study, the average number of sows maintained was 122 per farm, with each sow averaging 1.97 litters per year.

For each sow, 19.7 pigs were born and 16.9 of these were weaned. Suckling mortality averaged 12.9 percent, while feeder hog mortality averaged 5.4 percent.

TABLE 6: PRODUCTION ANALYSIS

| ITEM | PER FARM | PER SOW |
|---|---|---|
| Number of Sows | 122 | 1.0 |
| Number of Boars | 6 | 0.05 |
| Number of Litters | 240 | 1.97 |
| Pigs Born | 2,401 | 19.7 |
| Pigs Born Alive | 2,282 | 18.8 |
| Pigs Weaned | 2,056 | 16.9 |
| Pigs Born per Litter | 10 | - |
| Pigs Born Alive per Litter | 9.5 | - |
| Pigs Weaned per Litter | 8.6 | - |
| Suckling Mortality (#) | 349 | 2.9 |
| Suckling Mortality (%) | 12.9 | - |
| Weanlings Sold | 1,864 | 15.3 |
| Gilts Kept for Replacement | 30 | 0.25 |
| Market Hogs Sold | 27 | 0.20 |
| Other Hogs Sold | 9 | 0.07 |
| Inventory Change | 14 | 0.11 |
| Inventory Adjustment | 10 | 0.08 |
| Purchases | - | - |
| Total Hogs Produced | 2,055 | 16.8 |
| Feeder Hog Mortality (#) | 101 | 0.8 |
| Feeder Hog Mortality (%) | 5.4 | - |

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## PRODUCTION ANALYSIS

A further analysis of the production coefficients indicated that weanlings were sold at an average weight of 34.53 pounds for an average price of $37.50 per weanling.

Feed consumption per hog averaged 1.02 kgs. of creep, 19.1 kgs. of starter, for a total feed consumption of 20.12 kgs.

Culling rate on sows averaged 31.5 percent and for each man equivalent of labor available, 78.9 sows were maintained.

TABLE 7: PRODUCTION ANALYSIS

| ITEM | | PER FARM |
|---|---|---|
| Ave. Weight Weanling Sold | (lbs) | 34.53 |
| Ave. Return per Weanling | ($) | 37.50 |
| Sow Mortality | (%) | 3.9 |
| Cull Rate on Sows | (%) | 31.5 |
| Labor Man Equivalents | (#) | 1.5 |
| Sows Kept per Man | (#) | 78.9 |
| Total Sales per Man | ($) | 56,096 |
| Hogs Produced per Man | (kgs) | 20,824 |
| Creep per Hog | (kgs) | 1.02 |
| Cost Creep/Hog | ($) | 0.42 |
| Starter per Hog | (kgs) | 19.10 |
| Cost Starter/Hog | ($) | 6.46 |
| Total Feed/Hog | (kgs) | 20.13 |
| Total Cost Feed/Hog | ($) | 6.88 |
| Ave. Weight Hog Produced | (kgs) | 16.77 |
| Feed Cost/Kg. Hog | ($) | 0.41 |
| Feed Cost/100 Lbs. Hog | ($) | 19.92 |
| Creep Cost/Tonne | ($) | 414.73 |
| Starter Cost/Tonne | ($) | 337.98 |
| Feed per Sow & Boar | (kgs) | 979 |

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# S U M M A R Y

The 1981 Nova Scotia Swine Farm Business Summary for Sow-Weanling operations provides basic information and statistics on the costs and returns associated with the sow-weanling enterprise on Nova Scotia farms. While not based on a statistically sound random sample of swine farms, the summary can be used with care to assist in the analysis of the swine enterprise by providing group average data for comparison purposes.

In reviewing the information contained in the previous pages, the following points can be noted:

- Average farm size measured in terms of sow numbers was 122.
- Average litters per sow per year was 1.97.
- Average pigs weaned per sow per year was 16.9.
- Average sales of weanlings per sow per year was 15.3
- Average weanling sale weight was 34.53 pounds.
- Average feed consumption per weanling was 20.12 kilograms.

In compiling data for this summary, extreme variation among farms was noted. This variation was observed in most factors of receipts, costs and management factors.

Below, we outline a number of the variations.

- Net Farm Income had a range of $623. per sow between the highest and lowest Net Incomes on a per sow basis.

- Feed costs per sow had a range of $217.00.

- Feed cost as a percent of total costs varied between 63.8 percent and 39.3 percent.

- Kilograms of creep and starter fed per hog varied as much as 35.81 kilograms.

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- Pigs weaned per sow varied as much as 10.79 pigs per year.
- Sows kept per man equivalent had a range of 56 sows between the highest and lowest sows per man.

With such wide variation in many of the returns, costs and management factors, it is difficult to isolate specific characteristics that result in a profitable sow unit. It would appear, however, that a number of the key factors of production outlined above such as production, cost control, efficient use of capital and labor, are of significant importance in determining the success of the farm unit.

Those farm operators who successfully combined these factors of production in the management and operation of their farm units achieved a reasonable return to their labor, capital and management skills.